

# Commercial Update

A publication of the U.S. Department of Commerce, International Trade Administration, Central and Eastern Europe Business Information Center in cooperation with the U.S. Agency for International Development

July 2001

## Opportunities for U.S. Environmental Firms in Bulgaria

by Stanislava Dimitrova, Commercial Specialist,  
U.S. Commercial Service, Sofia, Bulgaria

Bulgaria is a promising and yet relatively untapped market for U.S. environmental technology. Demand for environmental technology is driven by both internal and external factors. After years of environmental neglect, environmental awareness is growing rapidly in this Southeast European country of 8 million. Bulgarians are becoming increasingly concerned about pollution and its impact on public health and the natural environment. In addition, in anticipation of the country's eventual accession to the European Union, Bulgaria must undertake massive environmental cleanup efforts and implement stringent EU environmental standards. Bulgaria will need to import almost all of the technology for this, and U.S. companies that possess world-class, competitive technology, equipment, services, and systems will be best poised to benefit from these opportunities.

### Market Analysis

In 2000, the Bulgarian environmental technology market totaled \$89.5 million of which 80 percent was imported. Imports from the United States accounted for less than 10 percent of the total market and were worth \$9 million. Estimates put the 2001 environmental technology market at \$77 million and \$117 million in 2002.

Some U.S. companies have already found success in the Bulgarian market. The price, quality, technological leadership and reputations of U.S. companies are often viewed in Bulgaria as effective counterweights to pressure from European Union (EU) companies to "buy European." The best prospects for U.S. environmental firms are: (1) energy saving equipment used in municipal or manufacturing processes; (2) recycling and waste utilization technology; (3) wastewater and drinking water treatment equipment including technology leaks in drinking water systems; (4) solid and hazardous waste collection, disposal, and treatment; (5) renewable energy technology; (6) clean production techniques.

### Drinking Water and Waste Water Management

Water usage is about 120 liters per person per day. Per capita consumption may show a downward trend because of the rising price of water and improved accuracy of measurement.

Bulgaria's municipal drinking water systems are worn and are in need of a major overhaul. About 70 percent of the pipes are made from asbestos and concrete and are over 20 years old. Management and regulatory oversight of the system is inadequate, and measuring equipment is outdated. These factors combined explain why 50 percent of all water pumped through the system is lost before it reaches the consumer.

There are 277 Bulgarian cities, towns and villages with sewerage systems, which generate 1,152,198,000 cubic meters of wastewater annually. Over 17 percent of Bulgaria's 7,718 km of sewer systems need to be replaced and many of the country's sewer systems were constructed in the 1960s and do not have the capacity to handle current volumes of wastewater. Moreover, while 70.2 percent of cities and towns have sewerage systems only 2.1 percent of villages have a sewer system. In almost all the villages, wastewater is discharged using short drains to cesspits and septic tanks.

The Bulgarian government has identified the following objectives for improving the drinking water and waste water systems: (1) improve the efficiency of both systems and achieve better water quality; (2) improve the management of water supply and sewer network; (3) upgrade the technology in both systems; (4) replace worn-out sections of the sewer system and complete the construction of the sewer network in the larger towns and cities; (5) enhance

(Continued on page 3)

### Inside this Issue...

Eye on Southeast Europe	2
Commercial Opportunities	4
Around the Region	6
Calendar of Events	7
Special Feature: Romania	8

# Eye on Southeast Europe

## U.S. Government Perspectives on Croatia

*Remarks Delivered by U.S. Department of Commerce  
Deputy Assistant Secretary for Europe, Charles Ludolph  
at the "Investment Opportunities in Croatia" Conference,  
Hotel Inter-Continental, Zagreb, Croatia, May 22, 2001*

It is the Department of Commerce's great pleasure to participate in the organization of this conference and to further our cooperation with the Croatian government to attract more U.S. companies to Croatia. We believe that the conditions are right for U.S. companies to take a serious look at the Croatian market.

In my short remarks today, I will highlight several of Croatia's recent foreign policy achievements that have important implications for your business in Croatia. I will also describe some of the Commerce Department's programs to help you pursue your projects in Croatia.

First, though, I would like to say a little about what U.S. companies are already doing in the Croatian market.

### *U.S. Companies in Croatia*

U.S. companies already play an important role in the Croatian economy. Many U.S. companies have entered this market during the past several years. I would like to name just a few. Western Wireless is offering telecommunication services. ISKON is a fast-growing internet services provider. Parsons is rehabilitating a power plant in central Croatia. Hilton is renovating a hotel in the beautiful resort town of Dubrovnik. Coca Cola has had a longstanding investment in a bottling facility here. A strong, core group of U.S. companies have established a presence and formed an American Chamber of Commerce in Croatia.

Yet, there is much more that US companies could do in Croatia. U.S. exporters have not penetrated this market to the extent that their Italian or Austrian counterparts have. U.S. companies could bring services and management expertise to the vibrant Croatian tourism sector. More U.S. companies could become involved in the privatization process in Croatia. We hope that during this conference you learn more about some of the specific opportunities worth pursuing in Croatia right now.

### *Croatian Achievements: WTO Membership and EU Accession*

The Croatian Government has two important diplomatic

achievements to its credit that are very significant for U.S. companies looking to expand their business in Croatia: becoming a member of the WTO and launching the process of signing a Stabilization and Association Agreement with the European Union.

Croatia became a full member of the WTO last year. The requirements for WTO membership are stringent and touch upon areas as wide-ranging as tariff rates, the ability of foreign companies to provide services, and the protection of intellectual property rights. This is not to say that Croatia or any WTO member is perfect in all of these areas. But as a WTO member, Croatia is now obligated to adhere to an internationally-accepted set of rules in all of these areas, helping to create a solid framework for you to do business here.

Last year, Croatia also began the process of negotiating a Stabilization and Association Agreement with the European Union. Signing this agreement puts Croatia on the road to EU accession and eventual economic integration into an expanding Europe. I would like to stress that many of the trade and investment implications of EU membership will be felt by the private sector before Croatia becomes a full member of the EU because the Croatian Government has already begun harmonizing its laws and regulations with those of the EU.

(Continued on page 6)

## ***Central and Eastern European Commercial Update***

The *Central and Eastern European Commercial Update* is produced by the Central and Eastern Europe Business Information Center (CEEBC). For more information or to subscribe contact CEEBC at: phone (202) 482-2645, fax (202) 482-3898, or e-mail [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

<b>Director:</b>	Jay Burgess
<b>Associate Director:</b>	Jennifer Gothard
<b>Editor:</b>	Michael Rogers
<b>International Trade Specialists:</b>	Andrea Lupo, Michael Rogers, Silvia Savich
<b>Webmaster:</b>	Gedlom Tesfazion
<b>Contributors:</b>	Jonathan Kimball, Laurie Molnar, Melissa Wilson

## **Bulgaria** (Continued from page 1)

the sewer system in areas near vulnerable ecosystems; (6) construct 104 waste water treatment plants for cities and towns with populations over 10,000; (7) install leak detection equipment in the drinking water system.

### *Energy Efficiency*

Bulgaria uses two to five times as much energy per dollar of GDP as the European Union. There is, therefore, substantial room for improvement in both commercial and consumer energy use. Energy-efficient principles must also be incorporated into the construction, transportation, and agriculture sectors.

Various studies have demonstrated that Bulgaria has a number of options for renewable energy. However, there is as of yet no consensus on which technologies should be used. Nevertheless upon EU accession, Bulgaria will be required to generate eight percent of its total energy from renewable sources. Current EU member states are working towards the goal of generating 50 percent of their power from renewable sources by 2050. The Bulgarian Energy Efficiency Agency is currently working on a national strategy for energy efficiency. The report is scheduled for release by the end the year.

### *Waste Management*

Bulgaria utilizes only landfills for municipal waste disposal. The landfills account for 99 percent of all collected waste. According to a 1996 survey, there are 682 landfills in Bulgaria. With few exceptions, these landfills do not comply with current national standards. About 300,000 cubic meters of construction waste are collected in specialized landfills for construction waste. Only a small amount of construction waste is dumped in municipal landfills.

The average annual amount of hazardous waste generated in Bulgaria within recent years is about 1.3 million tons, 40 percent of which is composed of the 11 most common types of waste — pesticides, waste oils, sludge from industrial waste water, and hospital waste. The main method for hazardous waste treatment is disposal. Seventy-seven percent of the total amount of

hazardous waste is dumped in landfills on the site of an industrial enterprise. These landfills have, for the most part, exhausted their capacity and do not comply with current legislation. There are several incinerating installations but they can just meet the needs of the companies that have installed them for their own waste. Installations for hospital waste incineration have been built in some of the big cities. However, in most cases, they do not comply with modern requirements for installations of this type and they do not treat waste from other hospital and clinics in their respective region.

The government priorities in this area are: (1) the reduction of waste generation; (2) the development of recycling programs; (3) improved collection and transport of waste; (4) implementation of environmentally sound waste disposal techniques; (5) reducing risk of contamination from previously disposed waste; (5) environmental remediation in regions surrounding closed uranium facilities.

### *Air Pollution Control*

In the short to medium term, the Bulgarian government plans to undertake a number of projects to reduce harmful emissions at combustion power plants and industrial plants. The plans include construction of a number of desulfurization installations and bringing on-line the desulfurization facilities at the Maritza East 2 thermal power plant. Plans are also underway to switch to coal with a lower sulfur content, to increase the use of natural gas, and to increase the production of unleaded gasoline. To undertake these plans power plants and oil refineries must be retooled.

### *Key Contacts*

To learn more about commercial opportunities in Bulgaria, contact the Central and Eastern Europe Business Information Center (CEEBC) at Tel.: (202) 482-2645, Fax (202) 482-3898, or E-mail: [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

For more information on environmental technology market in Bulgaria, contact U.S. Commercial Service Sofia, Bulgaria at Tel.: + 359 (2) 963-4062, Fax: +359 (2) 980-6850, or e-mail: [sofia.office.box@mail.doc.gov](mailto:sofia.office.box@mail.doc.gov).

## Central and Eastern Europe Commercial Opportunities

### Bulgaria

Convoy, a leading manufacturer and distributor of cosmetics and household products in Bulgaria, was established 1989. It imports a wide range of goods from Greece, Italy, Germany and China including cosmetics, hair products, sponges and mops, cleaners and detergents, and plastic goods. Sales projections for 2001 are approximately \$5 million. This includes export sales to Russia. Convoy has a modern factory of 50,000 sq.m. and 200 employees. Convoy is expanding its business and therefore is searching for U.S. suppliers of the above-mentioned products.

Contact: Maria Donkova  
Convoy  
Novi Iskar - Katina  
Sofia, Bulgaria  
Tel.: +359 (2) 936-0530, 936-0702  
Fax: +359 (2) 936-0937  
E-mail: [convoy@ibn.bg](mailto:convoy@ibn.bg)  
[www.convoy-world.com](http://www.convoy-world.com)

*Submitted by CEEBIC trade specialist Georgi Peev*

### Kosovo ("FRY")

Albatros, a major food processing and packaging company with 10 years experience and over \$8 million in annual sales including exports to FYR Macedonia, Albania, FR Yugoslavia, and Croatia is seeking to purchase machinery used in the production and packaging of pastry, bread, and pasta. The total value of the purchase will be between \$10-12 million and is needed by December 2001.

Contact: Albatros  
Vellezrit Frasheri str. No. 11/6,  
Pristina, Kosovo  
Tel.: +377 (0) 44 179 892, +377 (0) 44 115 616  
Fax: +38 381 81 667  
E-mail: [Bucii@hotmail.com](mailto:Bucii@hotmail.com)

*Submitted by CEEBIC trade specialist Luan Dalipi*

### FYR Macedonia

Isen Komerc is the largest manufacturer of pasta in FYR Macedonia. It supplies pasta to the domestic market, as well as to Albania and Kosovo. Isen Komerc is seeking to expand its export of pasta to other countries of Central and Eastern Europe. In order to increase its production Isen Komerc is seeking 1000 tons of durum semolina flour. Flour

can be packaged in either 25kg or 50kg bags, net weight. The flour should meet the following specifications:  
moisture content: maximum 15 percent  
protein content: maximum 12 percent  
ash content: maximum .80 percent  
wet glue: maximum 23 percent  
content of yellow pigment: 4.5 mg/kg dry material  
number of dark spots: maximum 100/dm<sup>2</sup>  
granularity over:  
450um 12 percent  
365 um 33 percent  
265 um 23.5 percent  
200 um 12.7 percent  
under 200 um 18.8 percent

Contact: Jennifer Gothard  
Central and Eastern Europe Business Information Center  
U.S. Department of Commerce  
1401 Constitution Ave NW  
Washington, DC 20230  
Tel.: 202-482-2645  
Fax: 202-482-3898  
E-mail: [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov)

*Submitted by CEEBIC trade specialist Arben Gega*

### Romania

Agromec Buzias seeks strategic partner to invest in natural mineral water project. Agromec is licensed to drill and exploit natural mineral water sources in Buzias, Western Romania. Preliminary lab results indicate high therapeutical quality of the mineral water in the region. Agromec is looking for equity partner to contribute know-how and up-to-date equipment for the implementation of this project. For additional information, please contact [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

Alfiscom Intermed of Cluj-Napoca is an importer and distributor of medicine, medical equipment, and single use materials. Its client base includes over 300 hospitals and more than half of the 2,800 licensed pharmacies in Romania. Alfiscom has recently started medicine production and is seeking U.S. partners to expand production capacity. The company is looking for partners to facilitate technology transfer, provide active substance, and / or supply production equipment. Among several upcoming projects, Alfiscom is also interested to establish a drugstore chain in Romania. For additional information, please contact [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

*For more opportunities in Romania, go to page 10.*

## Romania's Medical Equipment Market

*by Doina Brancusi, Commercial Specialist, U.S.  
Commercial Service, Bucharest, Romania*

The Romanian medical market equipment has been growing steadily in parallel with the country's efforts to improve the quality of the national health care system, which has been affected by the lack capital and the relative low quality of medical equipment. The strategy for medical equipment rehabilitation adopted by the Ministry of Health over the past few years has focused on upgrading and fixing the existing equipment, replacing obsolete equipment, and on purchasing new and modern equipment.

Domestic production of medical equipment is limited and products are of substandard quality. Germany, Austria, and Italy dominate the Romanian medical equipment market. U.S. producers are also present and their share of the market is growing. There is strong interest among Romanian producers in attracting foreign capital and U.S. firms should consider the expansion of their position on the Romanian market through distributors, direct investment or joint ventures.

### *Market Profile*

Health care in Romania is undergoing major changes. Currently, more than 90 percent of the hospitals are state-owned. Since 1989, there has been a steady growth of private clinics for outpatient surgeries and for laboratory testing. These clinics are funded through cash payments because the national health insurance system does not cover private clinics, though the use of private health insurance is growing.

The medical equipment market consists of six main categories: diagnostic equipment, intensive care equipment, surgical equipment, technical aids, rehabilitation, and hygiene.

In Romania, more than 70 percent of the hospitals are in need of repair or upgrading, and there continues to be an urgent need for the following equipment and/or services: cardiovascular, respiratory, cancer, digestive, gerontological, obstetric, and pediatric services. Although there is a growing trend towards privatization, health care reform is in the early stages, and computerization as well as standardization of health care services and therapies is necessary.

These trends represent trade opportunities for U.S. medical equipment producers or health care managers, as well as for those wishing to establish or acquire private hospitals, health centers, clinics or medical manufacturing capacities in Romania.

### *Competitive Analysis*

Local production has lost competitiveness since 1989, and export sales have declined. Domestic production covers only 10 percent of the market. The main products are: dental units, microscopes, surgical instruments, intensive care equipment, equipment, EKG. machines, prostheses, and cardiovascular valves.

There are no special limits on medical equipment imports imposed by the government. In order to import medical equipment, a company will have to obtain an import license from the Department of Foreign Trade and a five-year authorization from the Ministry of Health. To import radiation equipment, approval will be obtained from CNCAN, the Nuclear Safety Authority, and from the Ministry of Health and Family.

The main medical equipment exporters to Romania are Western European companies that have used aggressive promotion and qualified local consultants to penetrate the market. Hospitals, clinics and district health departments buy directly less expensive medical devices. For other medical devices, such as advanced diagnostic equipment, cardiology equipment, laboratory equipment, procurement is made by the Ministry of Health through its Tender and Acquisition Department

U.S. companies and products are also well represented in the Romanian market. Several major U.S. companies have representatives and distributors in Romania including General Electric, Hewlett Packard, Stryker, ATL, Diasinics, Control X, Gendex, Becton Dickinson, Johnson & Johnson, Bennett, Varian Medical Systems, Acuson Corp., and 3M. U.S. companies have penetrated approximately 25 percent of the Romanian market for medical equipment. This share is expected to grow as these and other U.S. companies continue to market their products in Romania. U.S. products are well received by the population and health care professionals.

Price is the main criterion for hospitals when they purchase medical equipment from suppliers. However, for high-quality products price may become a secondary criterion. Effective marketing and promotion can dramatically influence the market. An essential selling factor is the product's reputation. Some companies may wish to

(Continued on page 11)

---

**Want to learn more about Romania?**

**Go to *Commercial Update's* Special Feature:  
Romania on pages 8 – 11.**

## **Around the Region....**

### **FYR Macedonia: Interim Tax in Effect as of July 1**

All businesses in FYR Macedonia must pay an interim tax, totaling 0.5 percent, on each financial transaction. The tax will remain in place until December 31, 2001. The government is imposing the tax to reduce the budget deficit.

(Source: Makfaks News Agency)

### **Albania: Steady Growth in Agricultural Sector**

Encouraged by export figures for the first quarter of the year, Albanian Agriculture Minister Lufter Xhuveli, recently stated that he expected steady growth in Albanian agriculture and livestock production in 2001. Agricultural production has grown steadily over the past decade, despite small, labor intensive farms. Xhuveli stated that first quarter agricultural production increased by 12 percent, primarily in the sectors of fish, vegetables, juices, eggs, leather and medical plants. Xhuveli stated that the trade balance in the agricultural sector would improve by \$50 million from \$35 million in 2000. The positive trend for agricultural exports was also reflected in lower agricultural imports. Albania exports agricultural products to Austria,

Germany, Croatia, and Switzerland. Xhuveli predicted that Albania would export approximately 10 percent of its summer production of tomatoes, potatoes, watermelons, beans and carrots. Xhuveli stated that Albania could export up to 15,000 tons of watermelon, 1,000 tons of potatoes, 3,000 tons of tomatoes. (Source: Albanian Daily News)

### **Albania: EU Recommends Opening of Negotiations for Stabilization and Association Agreement**

The European Commission, the European Union's (EU) executive body, adopted a report which recommends beginning negotiations with Albania for a Stabilization and Association Agreement (SAA). The Commission stated that beginning SAA negotiations was a method to encourage and maintain the recent Albanian political and economic reforms. EU officials stated that SAA negotiations would not begin prior to 2002, and still depend upon Albania meeting certain conditions. The European Union recently signed an SAA with FYR Macedonia and is preparing to sign an SAA with Croatia. (Source: Reuters)

---

## **Croatia (Continued from page 2)**

Companies do not have to wait until Croatia is a EU member to reap the benefits. In fact, under trade agreements that Croatia has right now with the EU, most Croatian industrial products already enter the EU duty free.

In light of this, U.S. companies must take a strategic and long-term look at Croatia. You should consider Croatia a platform to reach all of Europe. Croatia itself is a market of just 4.8 million people. Yet, manufacturing in Croatia provides investors duty-free access to the lucrative European Union. Croatia is also a key entry point for the entire region of Southeast Europe where Croatia has many bilateral free trade agreements. Further, Croatia has signed a bilateral free trade agreement with Hungary, and eventually will join the Central Europe Free Trade Agreement, a free trade area including Poland, the Czech Republic, Slovakia, Romania, and Bulgaria, among other countries.

Croatia is positioning itself at the center of massive free trade network and the implications are very significant: An investment in Croatia not only provides access to the 4.8 million person Croatian market; setting up operations here will provide your company with access wider market across Europe totaling 480 million people, 100 times that of Croatia itself.

## *Commerce Programs*

The Department of Commerce would like to assist companies to explore the many opportunities we see in Croatia. We have a very strong presence at the U.S. Embassy here in Zagreb through our Foreign Commercial Service, which is overseen by our senior commercial officer Beryl Blecher. Ms. Blecher and her staff are poised to provide you many invaluable services from customized market research reports to the gold key matching service, which will arrange appointments for you with pre-screened contacts in Croatia.

Commerce also has a special program based in Washington called the Central and Eastern Europe Business Information Center (CEEIBIC) to help new-to-market companies find partners and information about doing business in the Central Europe region. Ms. Silvia Savich from CEEIBIC is here at the conference and is willing to speak with you about CEEIBIC's services.

Finally, as Deputy Assistant Secretary for Market Access and Compliance, I oversee a staff that can help your

(Continued on page 7)

## Croatia (Continued from page 6)

company tackle legal, regulatory, or other barriers that you are encountering in this market. As part of my visit here, I had the pleasure of meeting with Minister Fizulic and other senior Croatian officials to discuss ways that the Croatian business climate could be further improved. From those discussions, it is clear to me that this government has inherited a difficult economic legacy, but from its first days in office, has focused on urgent economic reforms and is making improving the business climate for investment a priority.

### Conclusion

To conclude, the U.S. government perspective on Croatia is that there are many opportunities in this market that have gone unrealized. There is a great deal of goodwill in the United States and in the U.S. government to help Croatia succeed in its reform efforts and to further improve the business climate here. We are pleased to be co-hosts of this conference, the first of its kind for U.S. companies in Croatia, and we look forward to working with the Croatian government and with all of you to help realize Croatia's strong potential.

## Slovakia Has New Telephone Area Codes

On July 1 new telephone area codes went into effect in the Slovak Republic. The new area codes for the major administrative regions are: Banska Bystrica (48), Bardejov (54), Bratislava (2), Dunajska Streda (31), Hmence (57), Kosice (55), Levice (36), Liptovsky Mikulas (44) Lucenec (47), Martin (43), Michalovce (56), Nitra (37), Nove Zamky (35), Poprad (52), Povazska Bystrica (42), Presov (51), Prievidza (46), Rozava (58), Senica (34), Spisska Nova Ves (53), Topovcany (38), Trencin (32), Trnava (33), Zvolen (45), Zilina (41). For a complete list of area codes, go to [www.telecom.sk](http://www.telecom.sk).

## Calendar of Events

### August

**8/29 – 9/2** Polish American Contractors and Builders Association (PACBA) Expo 2001, Wroclaw, Poland  
Contact: PACBA, tel. (773) 533-2200, or e-mail [info@pacba.org](mailto:info@pacba.org).



**For a more complete list of events, go to CEEBICnet, [www.mac.doc.gov/eebic/ceebic.html](http://www.mac.doc.gov/eebic/ceebic.html)**

*This notice is provided solely as an informational resource and does not constitute U.S. Department of Commerce endorsement of these events. All information published in the Commercial Update regarding trade events is subject to change without notice by the organizers of those events.*

### An Export Tip

**Q:** How do I determine the duties and taxes on an export?

**A:** First, you must obtain the harmonized system number or schedule b number for the product you are exporting. This number can be obtained from the U.S. Census Bureau by calling (301) 457-1084 or by visiting the bureau's website at [www.census.gov/foreign-trade](http://www.census.gov/foreign-trade). Once you have the harmonized system number, contact CEEBIC at tel. (202) 482-2645, fax (202) 482-3898, or e-mail [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov). Please provide the harmonized system number and destination country.

For countries outside Central and Eastern Europe, call the Trade Information Center at 1-800-USA-Trade.

**Please note that CEEBIC and the Department of Commerce can only provide duty and tax information for goods produced in the United States.**

# Special Feature: Romania

## **ROMANIA: Information and Communications Technology Market Overview**

*by Roda Tinis, U.S. Commercial Service Bucharest, Romania*

In Romania, the state-owned national telephone monopoly, Romtelecom, provides all basic telephone services. However, according to the country's telecommunications law, these services will be completely liberalized by January 1, 2003. (Romtelecom was partially privatized in 1998, when the Greek telecommunications company OTE purchased 35 percent of the company).

According to mid-2000 statistics, Romania has 4.3 million phone lines, of which 60 percent are digital. The average telephone density is about 20 percent. This year Romtelecom's plans include the further digitalization of the network, the launching of the SS7 signaling system, and the expansion of ISDN, which will support a faster growth of data transmission systems and the integration of voice, data, and image transmission.

Mobile communications have developed dramatically in Romania over the last three years. Currently, there are four cell phone providers, with a total of about 2.5 million subscribers: Telemobil (LEMS 450 MHz), Mobifon (GSM 900 MHz), Mobilrom (GSM 900 MHz), and Cosmorom (DCS 1800 MHz).

At three percent of the total population, Internet penetration in Romania is low. However, access to the Internet is growing at about five to six percent per month.

There are a number of factors that are expected to contribute to the continued growth in Internet and related services including a competitive Internet service provider (ISP) market with over 200 companies. Other factors include high levels of computer literacy; a large number of English speakers; over 3 million cable television subscribers; and relatively high mobile telephone

penetration about — nine percent of the population. Impediments to Internet and e-commerce development include the low number of personal computers, limited use of credit cards, and high access fees.

The Romanian IT sector is growing at the incredible rate of 30 percent per year. Romania has a large number of computer engineers, technicians, and software developers. A number of Romanian electronic manufactures have proprietary technologies. Romanian software companies cover about 25 percent of the total market and are particularly strong in the niche markets of customized telecommunications software and industrial surveillance and security software. About half of the country's 200 plus software manufacturers are exporting to European Union (EU) and the North American markets. The U.S. hardware manufactures such as Compaq, IBM, and Hewlett-Packard are dominant in the hardware market and U.S. software giants Microsoft and Oracle are the leaders in the software market.

## **Clearing Goods Through Romanian Customs**

*by Bogdan Bartolomeu, managing director, SDV-SCAC Romania*

Romanian customs functions along the general rules and guidelines issued by the World Customs Organization. There are, however, a number of unique elements.

### *Customs Structure*

The General Directorate of Customs (GDC) is part of the Romanian Finance Ministry. GDC's regional offices control the actual operational customs offices established at the boarder and the interior. The border offices deal mainly with the transit traffic, and, consequently, a limited number of import customs entries are filed at these offices. The border offices will register mainly the shipments entering Romania and redirect them to the interior customs offices for clearance.

It is important to remember that when goods are entering Romania the border offices will strictly enforce any local rules and regulations regarding special shipments



(restricted materials, chemicals, medicine, food, live animals, etc.). Customs officials will stop any shipment containing goods or materials that are not correctly packaged or do not have the correct documentation. Goods will remain with Customs until such documentation is obtained.

International shipments have to be bonded between the border and the destination customs office. For trucks, the most common bonding document is a TIR carnet which can be issued by any international forwarder or trucking company in Europe. For containers, it is recommended that a master bill of lading be issued to the final destination. If only the port of Constanta is mentioned in the Bill of Lading, an additional customs bond is required to transit the container from the port of Constanta to the inland destination.

### *Tariffs*

Romania uses the harmonized tariff code system and recognizes the universal rules of interpretation and classification. The level of the customs duties varies depending on the country of origin. There are a number of tariff preferences for goods made in the European Union (EU), AELS (Switzerland, Iceland, Liechtenstein, Norway) and CEFTA (Bulgaria, Czech Republic, Slovakia, Slovenia, Poland, Hungary). Duties for these countries are reduced every year according to the schedule established for Romania's accession to the European Union. The integration program calls for no duties and taxes by 2004. Currently, 50 percent of the products from the European Union are duty free and the other 50 percent have duty rates of up to 15 percent. Goods made in the U.S. and other countries (not mentioned above) may have higher duty rates of between 20-35 percent and a processing fee of .5 percent of the value of the goods. Alcohol and tobacco products are tightly controlled and have additional luxury taxes.

### *Practical Considerations*

Clearing customs in Romania can be a difficult process, although the requirements of the Romanian Customs are not very unusual and are in line with the general rules and regulations in other countries. Consequently, most exporters prefer to use a forwarder who has a customs operation in Romania and who can check the documents before shipping for compliance with the Romanian Customs requirements. All customs entries in Romania are "live." There is no deferred payment of duties and taxes,

and goods are released only after full payment is made by certified bank transfer. Even a small error in the documentation can block shipments, creating delays and additional expenses in storage and demurrage charges. Below are some of the common problems that shippers encounter.

**Original documents:** Romanian Customs only accepts original documents; fax or photocopies are not accepted. Consequently, the smallest error on the shipping or commercial documents will block the merchandise in Customs until a new set of documents is received from the point of origin.

**Incoterms:** there is a strict requirement that the correct Incoterms, according to Incoterms 1990, be shown on all commercial documents. This is particularly difficult for U.S. shippers, since Incoterms are not widely used in the U.S. Please be aware that such terms as "free house delivery", "COD", "free domicile," etc. are not Incoterms and will not be accepted by the Romanian Customs.

**Currency:** please make sure that the currency is shown on the invoice. Do not assume that if the invoice was issued in the United States the Romanian Customs officers will consider automatically that the value is denominated in U.S. dollars. They will reject the invoice and block the shipment.

**Transport documents:** all transport documents must be issued according to the international rules and regulations. They should also match the Incoterms on the commercial invoices. Please be aware that the transportation cost will be included in the "value for customs" calculation and will impact the amount of duties and taxes.

You should consider other issues before sending shipments to Romania. For instance, there are special regulations and preferences for certain investments, advertising and promotion materials, samples, and, therefore, you should check carefully with your forwarder before shipping the goods. For further information (CEEbic) at tel. (202) 482-2645, fax (202) 482-3898, or e-mail [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

<sup>1</sup> SCAC Romania is part of the European transportation group SDV Inc.

## Commercial Opportunities in Romania's Cluj and Timis Counties

Agroexport Bunafiru, an import-export company established in 1994, has excellent business relations with partners in Germany, Austria, Switzerland, France, Greece, Hungary, Moldova, Croatia, Bosnia, and Russia. Dealing mainly with bulk shipments of fresh, frozen, and dried fruits, Agroexport is looking for a U.S. partner interested to invest in projects such as: a refrigerating and freezing facility for preserving wild fruits, orchard fruits, and vegetables; large facility for packing seeds and dried fruits for retail; extraction, bottling and distribution of natural mineral water. Agroexport is located in Buzias, the Timis County. For further details, please contact [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

Soclu Impex and Soclu Trading produce and trade building and installation materials, such as: thermo-hydro insulation, waterproofing membranes, bituminous board, dedusting installations, trusses, beams, metallic and

wooden doors, floor tiles, bathroom furniture, etc. Located in Cluj-Napoca, Soclu is looking for U.S. partner to expand and diversify operations. For further details, please contact [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

QCT Connect is an IT company with offices in Timisoara and Bucharest. QCT targets local and central government, public services and utilities, telecommunications, transportation, tourism. QCT Connect specializes in business engineering, analysis and modeling, business infrastructure, software development, application integration and system administration; implementation and project management. QCT is seeking U.S. partner with expertise in solutions framework, consulting (core services, project management methodologies, best practices), and enterprise engines. For further details, please contact [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

Lasting Software focuses on object oriented analysis, design and development methodologies. The company spun off from Lasting System which was established in

---

### Useful Contacts in Bucharest, Romania:

Ministry of Foreign Affairs and of Foreign Trade  
14 Alea Modrogan  
Bucharest  
Tel: +40 (1) 315-0906; Fax: +40 (1) 315-0581

Ministry of Finance.  
17 Apolodor Street  
Bucharest  
+40 (1) 231-3937; Fax: +40 (1) 312-1630

Ministry of Industry and Energy  
152 Calea Victoriei  
Bucharest  
+40 (1)-312-6461; Fax: +40 (1) 314-0182

Ministry of Small and Medium Size Enterprises  
11 Poterasi Street, Sector 4  
Bucharest  
Tel: +40 (1) 335-2620; +40 (1) 335-2632; Fax: +40 (1) 336-1843

Ministry of Agriculture, Forests and Food Industry  
24 Carol I Blvd.  
Bucharest  
+40 (1) 315-4412; Fax: +40 (1) 312-4410

Ministry of Water and Environmental Protection  
12 Libertatii Blvd.  
Bucharest

Tel: +40 (1) 211-1584; Fax: +40 (1) 312-427

Ministry of Public Works, Transportation and Housing  
17 Apolodor Street  
Bucharest  
Tel: +40 (1) 335-0180; Fax: +40 (1) 336-8509

Ministry of Tourism  
17 Apolodor Street  
Bucharest  
Tel: +40 (1) 335-6719; Fax: +40 (1) 411-2346

Ministry of Information Technology and Communications  
14 Libertatii Blvd.  
Bucharest  
Tel: +40 (1) 400-1721; Fax: +40 (1) 411-0932

National Authority for Privatization  
18-20 Lipscani Str.  
Bucharest  
Tel: +40 (1) 303-6301; Fax: +40 (1) 310-1687

Romanian Customs  
13 Matei Millo Str.  
Bucharest  
Tel: +40 (1) 315-5858; Fax: +40 (1) 312-1395

Chamber of Commerce and Industry of Romania  
2 Octavian Goga Str.  
Bucharest  
Tel: +40 (1) 322-9501; Fax: +40 (1) 327-3468

1995 in Timisoara gaining extensive experience in building memories for computers and printers. Lasting Software enjoys special relationship with the Computer and Software Engineering Department at "Politehnica" University of Timisoara. Current activities include: communication and Internet software, management information systems, e-commerce applications, applications for Web pages with DB connectivity, customized software development. For more information about products and services, please visit: <http://software.lasting.ro> or contact [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

Archim is the most recent and most modern urea and ammoniac plant in Romania. Situated in western Romania, close to the borders with Hungary and Serbia, the facility uses its own utilities for water, natural gas, sewerage, etc. A water cleaning installation, technological air, technological oxygen and nitrogen plant are also part of Archim that owns a power generation station. Archim is seeking strategic investor to re-start urea production and production of urea-formaldehyde resin. For further details, please contact [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

ELBA is a private company specializing in lighting devices and systems. Located in Timisoara, in western Romania, the company uses proprietary technology, ELBALux software, developed according to the standards of the International Lighting Committee (CIE). With an ISO 9001 certification since 1997, ELBA has built its current activity on the experience and expertise of the DURA firm, established in 1921. ELBA offers outdoor, decorative, architectural illuminating devices, fixtures for industrial and special environment lighting, traffic and automotive lights. The company has a wide distribution network through 40 dealers in Romania and exports to Western and Eastern Europe, as well as to the Middle East. ELBA is seeking U.S. partner to expand current operations. For additional information, please contact [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

E.T.O. is an IT company specializing in software development, with programming expertise in TCP Sockets/C++; CGI/C++; Javascript; MySQL/Windows stations; Unix server; Web monitoring. E.T.O. developed an Internet system for browsing, searching, and retrieving documents issued by national and international bodies regarding local and regional democratic process. The company is seeking U.S. partners to develop software applications for implementation of fiscal regulations. For additional information, please contact [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov)

## **Medical** (Continued from page 5)

consider joint ventures and cooperation with local partners to penetrate the market.

### *End-User Analysis*

The end-users of medical equipment are hospitals or outpatient clinics. The hospitals are free to make medical equipment purchase decisions within their budgets by issuing tenders with an upper limit of approximately \$37,000. Sales to clinics are generally made either directly or through distributors.

### *Market Access*

The import climate for U.S. medical equipment in Romania is positive. There are no import barriers for U.S. equipment. In 2000, the Ministry of Health awarded tenders to select companies to acquire new medical equipment to replace the existing equipment and modernize the hospital system. The tenders amounted to \$280 million, \$70 million of which has been allocated to medical equipment. Considering this large expense, it is highly unlikely that additional tenders will be offered in 2001.

### *Distribution/Business Practices*

Sales are made mainly by state tender or direct purchase. The distribution company should have good contacts in Romania, to gain access to appropriate authorities with decision-making power in purchasing. Suppliers may contact hospitals directly.

### *Financing*

The most frequent financing method used is payment by bank wire transfer, with terms of 45 - 60 days after the supplier invoices the purchaser.

### *Key Contacts*

U.S. Embassy Bucharest  
U.S. Commercial Service  
Str. Tudor Arghezi 7-9  
Bucharest, Romania  
Contact: Doina Brancusi, Commercial Specialist  
Tel: +40 (1) 210-4042

Ministry of Health  
Medical Equipment Division  
Str. Ministerului 1-3  
Bucharest, Romania  
Contact: Dana Voichita Muresanu, Director  
Tel. +40 (1) 615-0200  
Fax +40 (1) 323-8124

Sender CEEBIC  
U.S.A. Trade Center  
U.S. DEPARTMENT OF COMMERCE  
Stop R-CEEBIC  
Washington, D.C. 20230

PRESORTED  
FIRST-CLASS MAIL  
POSTAGE & FEES PAID  
ITA/DOC  
PERMIT No. G-54

**OFFICIAL BUSINESS**  
**Penalty for Private Use, \$300**

### CEEBIC and the Commercial Service are Available to Assist U.S. Companies

#### **Albania**

Omer Dashi, CEEBIC Trade Specialist  
U.S. Embassy Tirana  
Riugahabinot 103, Tirana  
Tel: +355 (42) 47-285 or 286  
Fax: +355 (42) 32-222

#### **Bosnia and Herzegovina**

Edin Fetahovic, CEEBIC Trade Specialist  
U.S. Embassy Sarajevo  
43 Ul. Dure Dakovica  
Sarajevo, Bosnia and Herzegovina  
Tel: +387 (71) 665-851  
Fax: +387 (71) 665-836

#### **Bulgaria**

Georgi Peev, CEEBIC Trade Specialist  
U.S. Embassy Sofia  
NDK Administrative Building 5th Floor  
1 Bulgaria Square  
1414 Sofia, Bulgaria  
Tel: +359 (2) 963-4062  
Fax: +359 (2) 980-6850

#### **Croatia**

Miroslav Nikolacs, CEEBIC Trade Specialist  
U.S. Embassy Zagreb  
Andrije Hebranga 2, Zagreb  
Tel: +385 (1) 461-0777  
Fax: +385 (1) 455-3126

#### **Czech Republic**

Richard Steffens, Senior Commercial Officer  
U.S. Embassy Prague  
Trziste 15  
118 01 Prague 1  
Tel: +420 (2) 5753-1162  
Fax: +420 (2) 5753-1165

#### **Estonia**

Reene Sepp, CEEBIC Trade Specialist  
U.S. Embassy Tallinn  
Kentmanni 20, Tallinn  
Tel: +372 (6) 312-021  
Fax: +372(6) 312-025

#### **FYR Macedonia**

Arben Gega, CEEBIC Trade Specialist  
U.S. Embassy Skopje  
Bu. Ilinden bb 9100, Skopje  
Tel: +389 (91) 116-180  
Fax: +389 (91) 117-103

#### **Hungary**

Scott Bozek, Senior Commercial Officer  
U.S. Embassy Budapest  
Szabadsag ter 12, 1054 Budapest  
Tel: +36 (1) 475-4282  
Fax +36 (1) 475-4676

#### **Kosovo ("FRY")**

Luan Dalipi, CEEBIC Trade Specialist  
U.S. Office Pristina  
9520 Pristina Place, Pristina  
Tel: +381 (38) 549-516  
Fax: +381 (38) 549-890

#### **Latvia**

Aldis Celms, CEEBIC Trade Specialist  
U.S. Embassy Riga  
Raina Blvd. 7, Riga  
Tel: +371 703-6200  
Fax: +371 782-0047

#### **Lithuania**

Jonas Vasilevicius, CEEBIC Trade Specialist  
America Center  
Pranciskonu str. 3/6, 2001 Vilnius  
Tel: +370 (2) 223-31 ext. 149  
Fax: +370 (2) 222-779

#### **Poland**

David Fulton, Senior Commercial Officer  
U.S. Embassy Warsaw  
Al. Jerozolimskie 56/C, 00-803 Warsaw  
Tel: +48 (22) 625-4374  
Fax: +48 (22) 621-6327

#### **Romania**

U.S. Embassy Bucharest  
Strada Tudor Arghezi 7-9, Bucharest  
Tel: +40 (1) 210-4042  
Fax +40 (1) 210-0690

#### **Slovakia**

Dusana Bartkova, CEEBIC Trade Specialist  
U.S. Embassy Bratislava  
Grosslingova 35, 811 09 Bratislava  
Tel: +421(2) 5296-1079  
Fax: +421(2) 5296-1085

#### **Slovenia**

Marko Mlakar, CEEBIC Trade Specialist  
U.S. Embassy Ljubljana  
Presernova 31, 1000 Ljubljana, Slovenia  
Tel: +386 (61) 200-5500  
Fax: +386 (61) 200-5555